Goal Seek example

To illustrate how to use Goal Seek, suppose that we want to calculate the annual interest return for an account. To calculate annual interest (I), we must create a table with values for the capital (C), the interest period length in years (n), and the interest rate (i). The formula is $I = C*n*i$.

Suppose that the interest rate $i = 7.5\%$ (cell B3 of a worksheet) and the period length $n = 1$ (B2) remain constant. We want to know how much investment capital C is needed to achieve a return of $I = \$15,000$. Assume that our initial capital estimate is $C = \$100,000$ (B1).

To calculate the return:

1) Enter the return formula (=B1*B2*B3) into B4 and select the cell with the mouse.

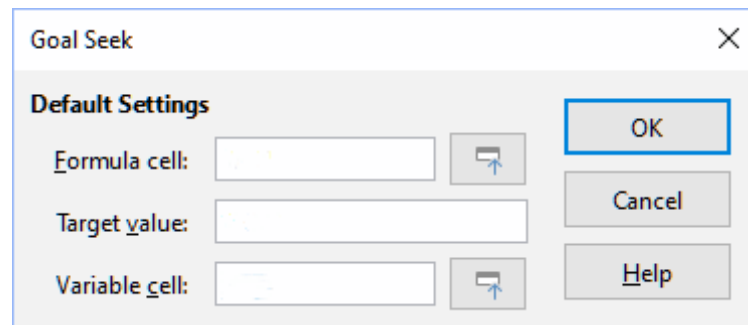2) Select **Tools > Goal Seek** on the Menu bar to open the Goal Seek dialog (Figure 322).

Figure 322: Goal Seek dialog

3) B4 should already be entered in the *Formula cell* field. However, if you want to select a different cell, use the associated **Shrink / Expand** button to minimize the dialog while you select the required cell**.**

4) Click on the *Variable cell* field, then type a reference to cell B1 or select it with the mouse to make the capital the variable in the current Goal Seek.

5) Enter the desired formula result in the *Target value* field. In this example, the value is 15000. Figure 323 shows the cells and dialog fields at this point.
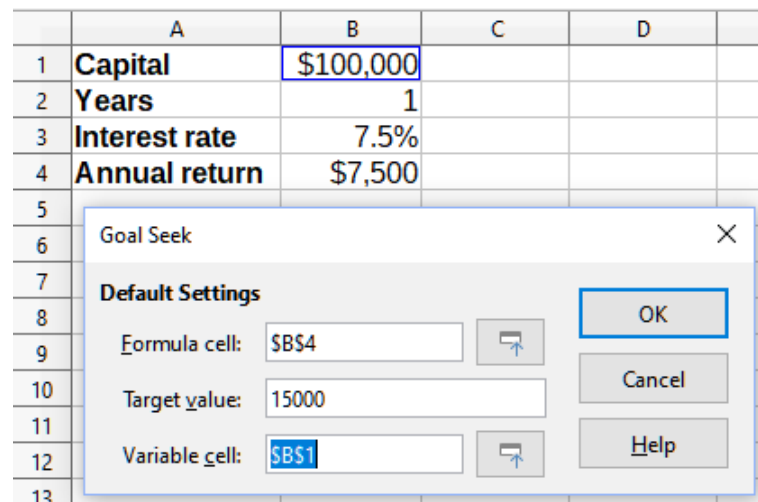

Figure 323: Example setup for goal seek

6) Click **OK**. A dialog appears informing you that the goal seek was successful (Figure 324).